

#MoSummit2016



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Department of Insurance,  
Financial Institutions &  
Professional Registration

# *Under the Microscope: Managing Market Conduct Risk*



**2016 Director's  
Regulatory Summit**

# Disclaimer

*This presentation is intended to provide a general educational overview of insurance regulatory topics. The materials contained herein are not intended nor should they be construed to provide specific legal or regulatory guidance. The content of this presentation and any related discussion represents the views and perspectives of the speaker(s) and do not in any way constitute official interpretations or opinions of the Missouri Department of Insurance. Legal or regulatory counsel should always be consulted to review specific questions or issues of regulatory compliance.*



# Panelists

Jim Mealer, Missouri DIFP

Stewart Freilich, Missouri DIFP



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# Under the Microscope



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# In this session we will discuss

- How slides are selected and prepared
- Viewing slides under the microscope
- Filing and maintaining your slides
- Avoid becoming a slide





# Selecting and Preparing Slides

This step is analogous to the market analysis process. Using both internal and external data our staff conducts market analysis on insurers that operate in Missouri.





Contrary to what you may have heard, we don't use Cat Scans



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Nor do we use LAB reports...



# Truth be told we use many different tools to evaluate carriers conduct

- DIFP systems
- NAIC systems
- Internal referrals
- External referrals
- Monitoring outside data sources



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# Viewing slides under the Microscope

This step is analogous to the investigation and examination process. After a carrier has been selected for investigation or exam, it is important to work together to be as efficient and as effective as possible.



# Tips for an efficient and effective outcome

- Assemble your team of experts that your coordinator can rely upon, discuss expectations with your team
- If there is a known compliance issue, come clean and disclose it to the examiners. This can save a lot of time and effort
- Ensure adequate preparation
- Ensure data is complete and accurate
- Ensure you provide complete and accurate responses to all inquiries
- Don't be afraid to ask for a reasonable extension of time to respond AND don't wait till the last minute to request the extension




# Tips for an efficient and effective outcome

- Being evasive in responses decreases productivity for both the regulator and regulated entity
- When given the opportunity to respond to the draft exam report, indicate clearly whether you agree or disagree with each finding and, if you disagree, provide all documentation supporting your position
- In responding to the draft report, please note if your response to an issue differs from the response to the underlying criticism and explain the reason for the change
- In responding to settlement proposals, include any mitigating circumstances that relate to the issues found during the exam or investigation





When life gives you  
**MOLD,**  
make  
  
**PENICILLIN**



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# Filing and maintaining your slides

This step is analogous to maintaining settlement information and corrective actions. The state and the NAIC have systems for maintaining stipulations and orders and carriers should have systems for tracking these settlements as well.



# Why did the microscope cross the road?



# To get to the other slide



# Avoid becoming a slide

This step is analogous to carriers conducting enterprise risk management in order to avoid ever becoming a slide under the microscope.



# Tips to avoid becoming a slide

- Make sure when issues are discovered in one state they are fixed in all states with related laws.
- Make sure when issues are discovered in one company within a group, that the company conducts due diligence to ensure the same issues are not occurring in another company within the group
- Self report issues as they are discovered
- Monitor complaints, grievances and appeals and their handling
- Monitor SERFF filings and responses to objections
- Monitor litigation websites
- Monitor compliance with prior stipulations and orders





# Tips to avoid becoming a slide

- Monitor producers and contractors websites and social media outlets.
- Monitor other regulatory actions
- Have your internal audit staff partner with subject matter experts to try to identify possible compliance issues.
- Use predictive analytics and your internal audit staff to mine information from your systems



# Contact Information

Jim Mealer [jim.mealer@insurance.mo.gov](mailto:jim.mealer@insurance.mo.gov)

Stewart Freilich [stewart.freilich@insurance.mo.gov](mailto:stewart.freilich@insurance.mo.gov)

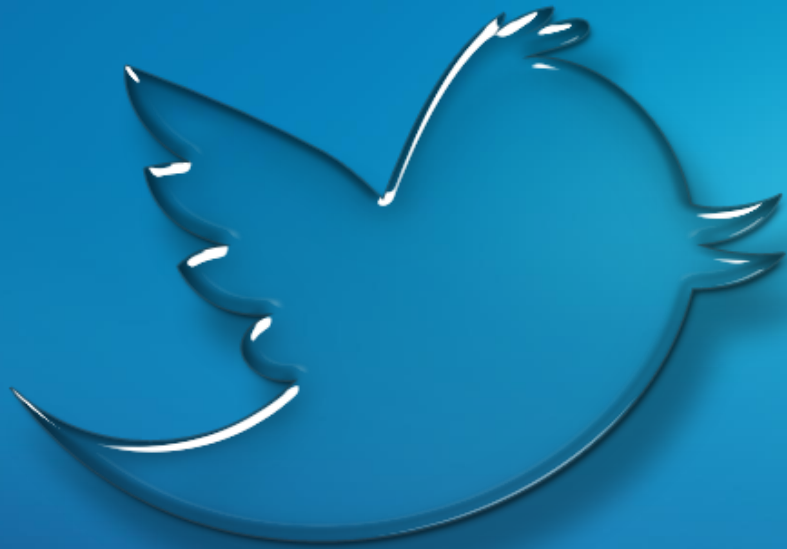


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Any  
questions



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